**Report of the Portfolio Committee on Transport on the 2022/23 First Quarter Expenditure of the Department of Transport Dated 27 September 2022**

The Portfolio Committee on Transport, having considered the expenditure of the Department of Transport for the First Quarter of the 2022/23 financial year on 6 September 2022, reports as follows:

1. **INTRODUCTION**

The prime mandate of the Committee is governed by the Constitution of the Republic of South Africa, 1996 (“the Constitution”), in respect of its legislative and oversight responsibilities as public representatives. It is required to consider legislation referred to it and consider all matters referred to it in terms of the Constitution, the Rules of the National Assembly or resolutions of the House. It is also required to respond to matters referred to it by Government within its mandate. In addition, the Committee is entrusted with considering the budgets, Strategic Plans and Annual Performance Plans of the Department and entities that fall within the transport portfolio. This report provides an overview of the expenditure of the Department of Transport for the First Quarter of the 2022/23 financial year, as presented to the Committee on 6 September 2022.

1. **ANALYSIS OF THE 2022/23 FIRST QUARTER EXPENDITURE OF THE DEPARTMENT**

In 2022/23, the budget allocation of the Department of Transport (“the Department”) stands at R69.1 billion. By the end of the 1st Quarter of the financial year, the Department had spent R15.6 billion (or 22.5 per cent) of the total available budget.[[1]](#footnote-1) The Department had projected that it would spend R15.7 billion by this time, and this translated into a delay in spending of R124.3 million (or 0.8 per cent). The slower than projected spending was largely due to expenditure delays under the Taxi Recapitalisation Programme (TRP) and various Goods and Services across programmes.[[2]](#footnote-2)

As at the end of the 1st Quarter of 2022/23, the Department had spent R118.6 million against the Quarter’s projection of R126.6 million on the Compensation of Employees (CoE). The Department spent R8 million (or 6.3 per cent) slower than projected mainly owing to the slow filling of vacant posts.[[3]](#footnote-3) The Department had 732 filled posts against a funded establishment of 813 posts. This represented a vacancy rate of 10 per cent (or 81 vacant posts).[[4]](#footnote-4)

# 2.1  budget expenditure per programme

**Table 1: Budget Expenditure per Programme**

| **Programme****R’Million** | **Main Appropriation** | **Available Budget** | **Quarter 1 Actual Expenditure** | **Expenditure as % of Available Budget** | **Quarter 1 Projected Expenditure** | **Variance from Projected Expenditure** | **% Variance from Projected Expenditure** | **COVID-19 Spending** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Administration | 507.8 | 507.8 | 83.6 | 16.5% | 111 | 27.4 | 24.7% | 0.0 |
| Integrated Transport Planning | 93 | 93 | 14.2 | 15.3% | 15.5 | 1.3 | 8.2% | 0.0 |
| Rail Transport | 19 991.8 | 19 991.8 | 5 046.2 | 25.2% | 5 047.4 | 1.2 | 0% | 0.0 |
| Road Transport | 33 983.4 | 33 983.4 | 8 963.6 | 26.4% | 8 927.7 | -35.9 | -0.4% | 0.0 |
| Civil Aviation Transport | 424.8 | 424.8 | 89.5 | 21.1% | 93.7 | 4.3 | 4.5% | 0.0 |
| Maritime Transport | 155.4 | 155.4 | 29.1 | 18.7% | 33.1 | 4 | 12% | 0.0 |
| Public Transport | 13 969.9 | 13 969.9 | 1 357.4 | 9.7% | 1 479.5 | 122.1 | 8.3% | 0.0 |
| **Total** | **69 125.9** | **69 125.9** | **15 583.6** | **22.5%** | **15 707.9** | **124.3** | **0.8%** | **0.0** |

(**Source: National Treasury (2022)**.

## 2.1.1 Programme 1: Administration

By the end of the 1st Quarter of 2022/23, the Administration programme had spent R83.6 million against the Quarter’s projection of R111 million, indicating a slower than planned spending of 24.7 per cent– equivalent to R27.4 million. Expenditure delays were mainly on the CoE and on Goods and Services “for the bulk procurement of laptops and legal services”, as well as less than anticipated travelling.[[5]](#footnote-5)

## 2.1.2 Programme 2: Integrated Transport Planning

In the Integrated Transport Planning programme, the Department spent R14.2 million against the 1st Quarter projection of R15.5 million. The delay in the expenditure of 8.2 per cent, equivalent to R1.3 million, was due tothe slow progress on the Regional Corridor Strategy and the Autonomous Vehicles Regulations.[[6]](#footnote-6)

## 2.1.3 Programme 3: Rail Transport

The Department spent R5 046.2 million against the 1st Quarter projection of R5 047.4 million in the Rail Transport programme. Expenditure was largely on track, with only R1.2 million in delayed spending. The spending delay was as a result of slower spending on Goods and Services for projects such as the Establishment of the Interim Rail Economic Regulator and the National Rail Policy.[[7]](#footnote-7)

## 2.1.4 Programme 4: Road Transport

In the Road Transport programme, the Department spent R8 963.6 million against the 1st Quarter projection of R8 927.7 million, indicating a slower than planned spending of 0.4 per cent– equivalent to R35.4 million. However, the programme had higher than planned spending that was mainly due to earlier than projected transfer payment to the Road Traffic Management Corporation (RTMC).[[8]](#footnote-8) In addition, there were spending delays in Goods and Services for projects such as *S’hamba Sonke*, Development of the Road Disaster Management Plan, and the Development of the Road Asset Management Tool.[[9]](#footnote-9)

## 2.1.5 Programme 5: Civil Aviation Transport

The Department spent R89.5 million against the 1st Quarter projection of R93.7 million, translating into a delay in planned spending of 4.5 per cent-equivalent to R3.4 million. Delay in expenditure was largely owing to slower than anticipated resumption of spending on venues and facilities, travel and subsistence.[[10]](#footnote-10)

## 2.1.6 Programme 6: Maritime Transport

In the Maritime Transport programme, the Department spent R29.1 million against the 1st Quarter projection of R33.1 million, translating into a slower than planned spending of 12 per cent– equivalent to R4 million. Spending delays were on Goods and Services and slow progress on projects such as:[[11]](#footnote-11)

* The Ballast Water Management Bill; and
* Review of the Merchant Shipping Bill.

## 2.1.7 Programme 7: Public Transport

As at the end of the 1st Quarter of 2022/23, the Department had spent R1.4 billion against the Quarter’s projection of R1.5 billion, indicating a slower than planned spending of 8.3 per cent– equivalent to 122.1 million. Spending delays were largely in Transfers and Subsidies owing to slower than projected demand on the Taxi Recapitalisation Programme (TRP), and in Goods and Servicesthanks to delays in projects such as:[[12]](#footnote-12)

* The implementation of the integrated public transport networks (IPTNs) in district municipalities; and
* *Shova-Kalula* Bicycle Programme.

#  disaster response

By the end of the period under review, the Department had spent R122.5 million on disasters caused by flood damages to provinces.[[13]](#footnote-13)By the end of the 1st Quarter of 2022/23, the Department had spent R15.6 billion (or 22.5 per cent) against the Quarter’s projection of R15.7 billion of the R69.1 billion. This expenditure improved slightly from 21.9 per cent it had spent as at the end of the 1st Quarter of 2021/22.[[14]](#footnote-14)

With 24.7 per cent variance from projected expenditure, the Administration programme was the slowest spending programme of the Department during the reporting period. This was a regression from the 18.6 per cent variance from projected expenditure in the 1st Quarter of 2021/22.[[15]](#footnote-15) This programme requires closer oversight scrutiny to ensure not only better spending, but that performance targets are not compromised by poor spending.

1. **COMMITTEE OBSERVATIONS**

Members made the following observations during discussions:

3.1 It was noted that the PRASA Capital projects had limited progress in terms of implementation in the period under review as there was no deployment of new trains. Members queried the percentages indicated as progress in meeting targets when compared to actual rail programme performance as well as road maintenance performed.

3.2 The Department failed to implement the integrated ticketing system. It was noted that Rustenburg Local Municipality undertook to pilot the system in August 2022, but there was no report on its implementation.

3.3 In terms of the implementation of the IPTN it was noted that Mangaung Metro and the City of Cape Town were struggling to remove taxis from IPTN routes. The implementation of the IPTN in Rustenburg Local Municipality was regarded as dysfunctional and the Committee queried how the Department monitored the implementation of IPTN in all cities with specific reference to the IPTN in Msunduzi Local Municipality.

 3.4 The underspending in the Taxi Recapitalisation and *Shova-Kalula* programmes continued as in previous financial years and members commented that the reports on the programmes seemed like a cut and paste of reports of the previous financial year. Members noted that the illegally converted quantum vans were still used to transport passengers and needed to be scrapped to avoid deaths.

3.5 There seemed to be no real movement with the Department addressing its vacancy rate and there was clarity sought on the indicated 114 unfunded vacancies.

3.6 In the Maritime programme indicated only 3 out of the 5 programmes achieved their targets.

3.7 Members were concerned about recent reports that the Netreg Metrorail train station was allegedly taken over by thugs who prevented the station infrastructure maintenance.

3.8 It was noted that that there should be an adequate budget to address challenges in the Aviation programme as the country was still without a calibration aircraft, ILS was not working properly in Cape Town and there has been a number of small aircraft accidents.

1. **COMMITTEE RECOMMENDATIONS**

The Committee recommends that the Minister ensure that:

* 1. The Department align the performance targets to service delivery.

4.2 The Department provides reasons for the under-expenditure in the implementation of IPTNs; including the names of the district municipalities where it underspent on IPTNs, as well as indicate whether the under-expenditure had an impact on service delivery.

4.3 The Department provides the Committee with a report on the way forward once the outcomes of the forensic audit reports on the IPTNs in Rustenburg and Msunduzi Local Municipalities were received; indicate whether the reports would be tabled in Parliament and whether there would be any consequence management as a number of officials have left the employ of these municipalities since the project was undertaken.

4.4 The Department furnishes the Committee with reasons, in the quarterly expenditure reports, why it continues to underspend on the Taxi Recapitalisation Programme and *Shova-Kalula*. The report should state what corrective measures are in place to ensure that the under-expenditure on these projects does not persist.

4.5 The Department provide the reasons for the slow progress on the following projects in the Maritime Transport programme: the Ballast Water Management Bill and the review of the Merchant Shipping Bill.

The Report, further sates that the The Economic Freedom Fighters (EFF) abstained from the adoption of the report.

Report to be considered.

1. National Treasury (2022a), p. 143. [↑](#footnote-ref-1)
2. Ibid, p. 144. [↑](#footnote-ref-2)
3. Ibid, p. 145. [↑](#footnote-ref-3)
4. Ibid. [↑](#footnote-ref-4)
5. National Treasury (2022a), p. 145. [↑](#footnote-ref-5)
6. Ibid, p. 144. [↑](#footnote-ref-6)
7. National Treasury (2022a), p. 144.. [↑](#footnote-ref-7)
8. Ibid. [↑](#footnote-ref-8)
9. Ibid. [↑](#footnote-ref-9)
10. Ibid. [↑](#footnote-ref-10)
11. National Treasury (2022a), p. 144.. [↑](#footnote-ref-11)
12. Ibid. [↑](#footnote-ref-12)
13. Ibid. [↑](#footnote-ref-13)
14. National Treasury (2021). [↑](#footnote-ref-14)
15. National Treasury (2021).. [↑](#footnote-ref-15)